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SUBJECT: EU to Inspect Turkish Poultry Plants for Export

Sensitive but Unclassified. Not for Internet Distribution.

[11.](#) (SBU) Summary. Five Turkish poultry facilities are being inspected by the EU veterinarians for approval to export poultry meat to the European Union. Turkish officials estimate that, during the first year, exports for the five plants could total up to 10,000 tons. An additional 4 plants will be inspected by next March. Turkish officials are hoping that this could eventually lead to additional exports to other markets including Russia and the Middle East. While the Turkish exports could compete with U.S. poultry in other markets, Turkey's need for U.S. soybeans and corn could increase. It is not clear whether the European Union will require Turkey to relax its import requirements on EU food products in return for this approval. End Summary.

EU Inspections

[12.](#) (SBU) In March, Turkish officials indicated that the EU would begin inspection of several poultry facilities for approval to export poultry meat to the European Union. According to Turkish poultry representatives, EU veterinarians are currently in Turkey inspecting 5 facilities. An additional 4 facilities applied to the Ministry of Agriculture and Rural Affairs but have been asked to wait until March 2004. The 5 facilities now being inspected are some of the largest and most modern facilities in Turkey.

[13.](#) (SBU) MARA officials have agreed to allocate and assign 35 veterinarians to the facilities. The veterinarians who will be located on the premises will be responsible for overall quality control and record keeping as required by the European Union. Note. In the past, the Ministry refused to allocate any personnel for this duty claiming that it needed to reduce personnel. End note.

One Million Ton Capacity

[14.](#) (SBU) Poultry officials estimate that during the first year 10,000 tons of poultry meat could be sold to Europe. This amount could climb much higher in future years. Turkey produces approximately 680 TMT of poultry meat a year but has the capacity to produce 1 million tons.

[15.](#) (SBU) Turkish business representatives believe that EU approval could raise the image of Turkish poultry products and encourage other countries to buy from Turkey. Turkey exports some products to both Russia and the Middle East but believe they could expand these markets considerably. The expanded export market could also serve as a safety valve for the Turkish poultry sector. In the 1990s, poultry production increased considerably, which in turn led to overproduction, falling prices and many bankruptcies. A larger export market could alleviate this cycle.

Turkey's Economic Advantage

[16.](#) (SBU) Turkish exports to the EU would compete directly with Thai, Brazilian and Polish exports of poultry meat. Turkey's facilities are very modern and the cost of shipments would be much lower than either Brazil or Thailand. For the United States, poultry producers could face stiffer competition in Russia and Middle Eastern markets particularly given this transportation advantage.

Good News for Corn and Soybeans

17. (SBU) On the other hand, the Turkey currently cannot produce enough feed ingredients (soy and corn) to supply its poultry sector. Turkey has imported approximately 1 million tons of corn and a similar quantity of soybeans and meal to meet the needs of its feed sector. The United States supplied over half of both Turkey's soy and corn. As a result, production increases could result in much higher U.S. sales of both those products to Turkey.

Comment: A Good Start?

18. (SBU) Turkey has been pressing the European Union for greater access for its agriculture products. Several of the plants currently being inspected had previously received good ratings from the Europeans. It is not clear whether the EU will demand similar approvals for exporting EU food products to Turkey. In the past, EU officials have expressed their frustration with Turkey in negotiating market access.

19. (SBU) The willingness of MARA officials to assign veterinarians to the plants is also a good sign. MARA is not known for having a progressive relationship with its industry counterparts. It should be noted that on the day the inspections were announced, Turkey also increased its duty on corn imports to 70% which will, of course, increase the production costs for poultry producers and could in the end make them less competitive.

Edelman